

# MYTHBUSTING FOXCONN

## Foxconn Myth

- Walker says: "Foxconn is bringing 13,000 high-tech jobs to Wisconsin." [\[source\]](#)

## Fact

"The company itself has been more measured, saying **the planned plant initially will create 3,000 jobs**, 'with the potential to grow to 13,000 new jobs.'" [\[source\]](#)

Hart Posen, an associate professor of management and human resources in the UW School of Business, said he doesn't expect this plant to look like the company's other ones that have great numbers of hand-assemblers. **This one will more likely be highly automated.** [\[source\]](#)

Christopher Balding, a professor of economics at Peking University, said **the Wisconsin plan fits with Foxconn's strategy of pursuing automation to counter rising labor and transport costs** related to manufacturing in China.

"Three thousand jobs to Foxconn is irrelevant, so if they're going to be doing that in the U.S., it's not going to be people on production lines building TVs, **it's going to be a small number of people watching robots build TVs.**"

Friedman (associate professor of international and comparative labor at Cornell University) said that **Foxconn had a history of "taking steps to invest in robotics which allowed them to stop hiring people" as wages rose in China.** [\[source\]](#)

**Foxconn is not guaranteeing how many people it will hire, for how long, or at what pay.** That means it's theoretically possible the company could earn up to \$1.35 billion in investment incentives but not employ anyone, if it built the facility but never operated it. [\[source\]](#)

**There is no quota ensuring a minimum amount of Wisconsin hires and Illinoisans are taking advantage of that.** Illinoisan Dave Tuggle said, "If they offered me a job, I would certainly go there," and Illinois' McHenry County, county board chairman Jack Franks states, "[Illinois] get[s] all the benefits without any of the burden." **Any jobs lost to Illinois will delay Wisconsin's payback from tax incentives, the earliest of which would be in 2043.**

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- “The project will support 10,000 construction jobs over each of the next four years as well as 6,000 indirect jobs from the construction.” [\[source\]](#)
- “Walker and Republicans say much of the water, which is the equivalent of 875 tanker trucks per day, will be returned to the lake after treatment” [\[source\]](#)
- “Gov. Walker and WEDC should be applauded for crafting such a great deal that brought this monumental investment to Wisconsin.” [\[source\]](#)

## Fact

While the 10,000 construction jobs figure is reported by both Ernst & Young and Baker Tilly reports, **it is exceedingly likely that a high percentage of these jobs will be outsourced to other states.** According to Baker and Tilly’s own pro-Foxconn report, “A conservative estimate of worker base assumes that 40-50% of the workers will not be Wisconsin residents.” This means that at most, Wisconsin will gain 5,117-6,141 new direct construction jobs, with the others being located in neighboring states and subsidized by Wisconsin taxpayers. [\[source\]](#)

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“Cheryl Nenn of Milwaukee Riverkeeper says one of her concerns is that out of the daily 7 million gallons, **only about 60 percent would be treated and returned to the lake.** She says the rest would be consumed in the manufacturing process.” [\[source\]](#)

The Great Lakes are the largest freshwater system on the planet, containing 90% of America’s freshwater. **Over 35 million people, roughly 8% of the United States population, rely on these lakes for drinking water, jobs and their way of life. More than 3,500 species of plants and animals live in the Great Lakes basin and over 170 different species of fish.** Diversion of 7 million gallons of water a day to a private company is unprecedented and goes directly against the Great Lakes Compact. The Great Lakes Compact is a multi-state, bipartisan effort which was created to protect the Lakes from being depleted by commercial interests that see the Great Lakes as an unlimited source of water. The Foxconn deal undercuts these hard-won state conservation laws and puts natural resources at risk. [\[1\]](#)[\[2\]](#)

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Foxconn’s \$2.85 billion in tax credits accounted for 96% of the credits that the state awarded in these 2017 deals, but **the deal produced only 44% of the jobs.** [\[source\]](#)

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- Republican State Sen. Sheila Harsdorf has made the following statements regarding Foxconn's environmental impacts: "While the permitting process for environmental regulations will be streamlined, no changes have been made to air, water and waste-related standards. A more restrictive 2- to 1-acre mitigation ratio for any impacted wetlands goes beyond current wetland mitigation standards of 1.2 to 1 acre." [\[source\]](#)

- In 2013, Foxconn was set to invest \$30 million in Pennsylvania in their building of production facility. The facility was never built. According to Scott Walker, Pennsylvania lost the plant because of a shift in their Governor's mansion from GOP to Democratic-control. This statement was determined to be "mostly false" by PolitiFact Wisconsin. [\[source\]](#)

## Fact

**"In its incentive package, Wisconsin has offered to waive the requirement for a state water quality certification.** This means the Foxconn project could discharge dredged or fill material onto nonfederal wetlands located in the delineated manufacturing zone if doing so is related to the construction or operation of the new manufacturing facility."

"Wisconsin would require Foxconn to offset any impact on wetlands in the manufacturing zone by restoring, enhancing, creating, or preserving wetlands elsewhere in the state at a ratio of two acres per each acre impacted. Under current law, the general minimum ratio is 1.2 acres for each acre affected."

This process is called mitigation. **However, mitigation does not have to take place anywhere near wetlands that are destroyed. This would not only have devastating consequences for animals whose habitats are concentrated in unique and irreplaceable wetlands, but would also up-end the flood protections wetlands offered in specific locations.** Wetland ecosystems also provide a natural water filtration service that is vital for the local drinking water. By enabling discharge and dredge in wetlands in Racine County, the state is severely compromising the quality of water in the Racine area. [\[source\]](#)

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Pennsylvania did see a shift in their Governor's mansion from GOP to Democratic-control. However, **"that election occurred a year after the factory announcement -- and in that time, virtually no progress on the factory had been reported under the GOP governor."**

After Foxconn made its announcement, "it was very, very quiet, then it just kind of faded away," recalled Jay Pagni, who was a spokesman for then-Republican Gov. Tim Corbett." **This is clearly a ploy by Governor Walker to imply that if he is not reelected, Foxconn could renege on their deal, leading to negative consequences for Wisconsin's economy.**

However, the Foxconn deal, and the \$3 billion in incentives, would not be as beneficial to Wisconsin's economy as investments in projects guaranteed to generate long-term economic growth, with far fewer consequences to the environment. For example, greater investment in schools would create many jobs and economic activity in education as well as custodial, tech, and other jobs that keep universities running smoothly. [\[source\]](#)

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## Foxconn Myth

- According to Governor Walker's Website, "Foxconn's investment will create the first liquid crystal display (LCD) manufacturing facility in North America and the only one globally that is not located in Asia." [\[source\]](#)

- The jobs will have an average salary of \$53,875, plus benefits. The median salary is \$54,725. [\[source\]](#)

## Fact

This statement has been touted as something positive for the United States and Wisconsin. However, **there are a cacophony of studies that highlight the danger of LCD manufacturing to human health and the environment.**

According to the Yale School of Forestry and Environmental Studies, "**an unusually high incidence of leukemia, lymphoma, brain cancer, and other serious diseases** appears to exist among relatively young people who have worked in Samsung's semiconductor and other chemically-intensive manufacturing plants." [\[source\]](#)

In addition, a 2014 study found that chemicals used in the manufacturing of LCD has had negative effects on aquatic organisms. This in turn can throw ecosystems out of balance, which has both economic (in regards to those who rely on commercial fishing) and environmental impacts (in regards to the entire state and planet who rely on a healthy environment). [\[source\]](#)

**Nitrogen Trifluoride (NF3), a chemical used in LCD production, has a global warming potential 17,200 times that of CO2** over a hundred year period and can stay in the atmosphere for around 500 years. [\[source\]](#)

On the other hand, **the direct-view display market could shrink drastically by 2020**, says Abowd, if a new generation of affordable short-throw and ultra-short-throw projectors catch on. These units can cast huge, bright, rich, high-definition TV video on plain walls or screens in small rooms — no display panel needed. [\[source\]](#)

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**Foxconn has told the state that in addition to benefits, plant salaries would start at \$41,600 a year and average \$53,900. However, any job paying at least \$30,000 would qualify Foxconn for the state incentives.** [\[source\]](#)

Wisconsin is guaranteeing to pay cash to Foxconn of up to \$2.85 billion -- but the full amount would be paid only if the company invests at least \$9 billion in its plant and, in rough numbers, employs at least 13,000 people earning at least \$30,000 per year. [\[source\]](#)

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- The Foxconn entities guarantee that the planned factory campus will contain at least \$1.4 billion in taxable value by Jan. 1, 2023. That alone will generate enough money to pay off the village and county expenses related to the project, officials say. And they expect Foxconn to spur much more taxable development beyond the amount guaranteed. [\[source\]](#)

- Foxconn Technology Group on Wednesday pledged to invest \$10 billion to build a display panel plant in Wisconsin. [\[source\]](#)

- Foxconn CEO Terry Gou stated at the contract signing that, "[Foxconn] look[s] forward to being a part of the community and contributing to its economic transformation. We will do so while ensuring... [Wisconsin's] talented and hardworking workforce, long track record in advanced manufacturing, favorable quality of life and environment - are protected and nurtured." [\[source\]](#)

## Fact

The report's summary suggests the LFB projection is too rosy: "It may be wishful thinking to believe that the huge subsidies Wisconsin lawmakers have proposed granting to Foxconn would be offset by increased tax revenue by 2043".

**Foxconn wouldn't generate profits for the state until 2042**, a new legislative analysis projects. "Most of the jobs [related to Foxconn] are going to be with [outside] suppliers and many of them will be in Illinois, and those workers at those supply companies, their income will be taxed in Illinois," Peacock said. "So we assumed, pretty conservatively, that five to 10 percent of the new tax revenue would end up in Illinois' coffers, not Wisconsin's, and that lengthens the payback period." [\[1\]\[2\]](#)

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Perhaps the biggest investment pledge in recent years was Foxconn's 2011 plan to invest \$12 billion in Brazil and create 100,000 jobs. Foxconn never came close to that level of investment, according to news reports.

In 2012, the company said it would invest up to \$10 billion to produce electronics in Indonesia. Two years later, it shaved that commitment down to \$1 billion. No plant has been built.

Four years ago, Foxconn said it would spend \$30 million on a plant in Pennsylvania, but it failed to follow through. [\[source\]](#)

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Guo may say that Foxconn has its workers quality of life in mind, but historically that is false. **Foxconn has been accused of undercutting minimum wage laws by hiring young "interns" to work on production lines, working both overtime and night shifts, violating government regulations.** Foxconn ran internships through some colleges in China as well, which would not allow its students to graduate without working three months at a Foxconn campus.

From statements made during a visit to Waukesha last year, it seems like President Trump is in favor of a similar type of "apprenticeships" for Wisconsin high schoolers. [\[1\]\[2\]](#)

**There has also been an alarming amount of suicide attempts at Foxconn campuses in China.** At the Shenzhen campus in 2010 there was an alarming rate of 2.2 suicide attempts per month by employees. These cases have been attributed to abuses from assembly line managers, long hours, and familial poverty. [\[source\]](#)

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- Wisconsinites will break even on Foxconn tax breaks by 2042-2043.

## Fact

DOA estimates that the project's break-even point would occur during the 2042-43 fiscal year. [\[source\]](#)

WEDC's own consultant, Baker Tilly, assessed that 40-50% of the jobs created both during construction and for permanent employment, could be filled with people who live out-of-state. Baker Tilly has since revised its analysis to assume 100% of the direct jobs will go to Wisconsin residents. But if they don't, which seems most likely, **it can be assumed that the tax revenue gained through the jobs would be 40-50% (the initial estimate). This would further delay the break-even point well beyond 2044-45.** [\[source\]](#)

In the Foxconn analysis the break-even calculation simply adds up each year's net benefit or cost as if money spent this year has the same value as money received in future years.

To keep the numbers simple, the taxpayers of Wisconsin give Foxconn \$1 million in 2018 and get back \$1 million in 2038 and call it even. In fact, the **taxpayers could have invested that money in roads or education or job training and gotten back much more than \$1 million in higher wages or lower costs for citizens due to better roads.** Today the US Government will sell a savings bond that guarantees a return of \$2 for every dollar invested after 20 years.

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